

ESTTA Tracking number: **ESTTA897440**

Filing date: **05/17/2018**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92066968
Party	Plaintiff Software Freedom Law Center
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Attachments	SFLCs Opposition to Motion to Amend Answer.pdf(92398 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Registration No. 4,212,971

For the mark: SOFTWARE FREEDOM CONSERVANCY

Registered: September 25, 2012

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Software Freedom Law Center, Inc.,

Petitioner,

v.

Software Freedom Conservancy, Inc.,

Registrant.

Cancellation No. 92066968

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**PETITIONER’S OPPOSITION TO REGISTRANT’S MOTION FOR LEAVE TO AMEND THE
ANSWER AND MOTION TO STRIKE AFFIRMATIVE DEFENSES**

Petitioner respectfully moves the Board for an order denying Registrant’s motion to amend its Answer. Registrant’s proposed amendments are legally insufficient, improper, and/or immaterial, and therefore futile. As the Board’s denial of Registrant’s amended Answer would presumably result in the restoration of Registrant’s original Answer and its nakedly pled affirmative defenses, Petitioner hereby moves the Board, pursuant to Fed. R. Civ. P. Rule 12(f) and TBMP § 506.01 for an order striking such nakedly pled affirmative defenses for the same reasons.

STATEMENT OF FACTS

Petitioner Software Freedom Law Center (“SFLC”) was founded in 2005 by Professor Eben Moglen of Columbia Law School, the world's foremost expert in the law of “free and open source software,” that is, computer software licensed under terms that allow all users to copy, modify, improve and share computer programs. FOSS, as it is known, has transformed the making of software by industry throughout the world. Much of the world’s most important and most commercially significant software is distributed under FOSS licensing terms. One could not send or receive e-mail, surf the World Wide Web, perform a web search or take advantage of many of the other benefits offered by the Internet without free software. SFLC is a unique legal services organization, a 501c3 public educational charity that provides free legal assistance to non-profit makers and distributors of FOSS, and a generator of public educational material for lawyers and programmers.¹ SFLC receives charitable donations from businesses who have interests in FOSS, as all major IT companies in the world do, in order to pursue this public mission.

In 2006, SFLC created the Software Freedom Conservancy (“Conservancy”) as an asset-managing affiliate, whose purpose was to provide financial and administrative services to SFLC's clients. Aware that SFLC could fund and support more such services than its clients required, the Conservancy was chartered to offer such services for selected non-clients as well. The affiliate was separately incorporated and chartered as a New York charitable corporation in order to provide appropriate legal separation from the law practice for liability limitation. The affiliate's corporate charter therefore specifically prohibited it from providing legal services.² The Conservancy was entirely controlled by SFLC. Its sole business premises were SFLC's New York offices. All its officers

1 See, e.g., Free Software Distributions and Ancillary Rights (<http://softwarefreedom.org/resources/2017/ancillary-rights.html>); The Linux Kernel, CDDL and Related Issues (<http://softwarefreedom.org/resources/2016/linux-kernel-cddl.html>); SFLC’s Guide to GPL Compliance, 2nd Edition (http://softwarefreedom.org/resources/2014/SFLC-Guide_to_GPL_Compliance_2d_ed.html).

2 6 TTABVUE at 95. Registrant’s motion for summary judgment Ex. 10, certificate of incorporation, seventh article.

and founding board members were SFLC employees; Professor Moglen was its board chair. Professor Moglen hand-picked the other board members and officers; at the persistent request of Bradley Kuhn, Moglen appointed Kuhn the Conservancy's figure-head president. All the Conservancy's expenses were paid by SFLC. The legal filings that created the Conservancy were made under Professor Moglen's direction by Karen Sandler, the Conservancy's current executive director, then employed as a legal associate by SFLC.

This relationship prevailed from the Conservancy's formation until 2010. In mid-2010, Kuhn was fired by SFLC for cause. One of the Conservancy's directors, Professor Moglen's law partner and SFLC's legal director Daniel Ravicher, resigned from the Conservancy's board thereafter, for personal reasons. In January 2011, Kuhn staged a board takeover and voted Professor Moglen off the Conservancy's board, with the foreknowledge and assistance of Karen Sandler, who was still employed at SFLC and who accordingly breached professional obligations and duties of loyalty. Ms. Sandler resigned her employment at SFLC shortly thereafter.

The Conservancy never had an exclusive right to the name "Software Freedom Conservancy," and in view of its fiscal relationship to SFLC had no right to file for a trademark on that name at all. After Kuhn's firing and Sandler's departure the two (with Sandler now functioning as a member of the Conservancy board), embarked on a deliberate program of stealing SFLC's goodwill. In 2010, Sandler, as an employee of SFLC, had filed the application for SFLC's own trademark which embodies the right SFLC is asserting in the current cancellation proceeding; she and Kuhn knew that there would be inevitable (and intentional) confusion between SFLC's valid trademark and the "Software Freedom Conservancy" trademark for which they fraudulently sought registration in 2011. This confusion was deliberate; an attempt to retaliate against the former employer by stealing the value of SFLC's mark and goodwill. They knew at the time of their purported registration of the new mark that (1) they had no exclusive right to the use of the name, which had always belonged to SFLC; and (2) that the mark

would certainly and inevitably cause confusion with the mark of their former employer, for registration of which Sandler had herself filed. The statements made to the contrary by their lawyer, Anthony K. Sebro, on their registration petition were false. The falsity of these statements their amended pleading continues to admit.³ The proposed amended pleading, like the current answer, implausibly states that these falsehoods were not fraud because Anthony K. Sebro, the Conservancy's general counsel, was speaking only for himself and not for his client when he submitted these false statements to the USPTO on an application filed on his employer's behalf.

Kuhn and Sandler's efforts to steal SFLC's goodwill and reputation were carried out by multiple means, including plagiarism of SFLC documents and intentional infringement of SFLC copyrights; commercial defamation of SFLC and personal defamation of Professor Moglen; and unlawful competition, through the offering of legal services in violation of the Conservancy's charter as a regulated public charity. SFLC strenuously protested these various unlawful acts. After Sandler joined the Conservancy as executive director in March 2014, SFLC and Professor Moglen made efforts to discuss outstanding issues with Sandler personally. In December 2014, after the publication by Kuhn and Sandler (not the Conservancy) of a document containing material plagiarized from an SFLC publication, SFLC warned of possible legal recourse to abate these various unlawful actions. Sandler, Kuhn, and the Conservancy refused to hold any conversation, in response to SFLC's repeated requests over the next 18 months. In May 2016, SFLC notified Sandler, Kuhn and the Conservancy that in view of their continued refusal to discuss any of its claims, it would proceed to seek legal redress in its own discretion without further notice. After an additional period of investigation and preparation, SFLC filed this petition in September 2017, before respondent's fraudulently-obtained mark reached its fifth anniversary.

3 14 TTABVue at 8, paragraph 32.

The other aspects of unlawful misuse of the regulated public charity by the Registrant are appropriate for resolution in other fora. The sole relief sought here is the cancellation of their inevitably confusing and fraudulent mark, which they obtained by submitting false statements to the USPTO.

ARGUMENT

Registrant's amended Answer purports to plead facts sufficient to state five affirmative defenses. However, Registrant's pleadings do not form a sufficient basis for these affirmative defenses. They are legally insufficient, improper, and/or immaterial, and Registrant's motion to amend should be denied as futile. Although leave to amend is liberally granted pursuant to Rule 15(a) of the Federal Rules of Civil Procedure and 37 C.F.R. 2.107(a), such leave is not without limits and may be denied where the proposed defenses are futile. *See, e.g., Am. Express Mktg. & Dev. Corp. v. Gilad Dev. Corp.* 94 U.S.P.Q.2d 1294, 1297, 1300 (T.T.A.B. 2010) (notwithstanding the liberal policy underlying amendments to pleadings, leave to amend answer denied where the proposed defense was futile). A motion to amend may be denied as futile "[w]here the amended portion of the complaint would fail to state a cause of action." *Parker v. Columbia Pictures Indus.*, 204 F.3d 326, 339 (2d Cir. 2000). To the extent that the Board denies Registrant's motion to amend its Answer, the nakedly pled affirmative defenses in its original Answer should be stricken as futile for the same reasons, as the Board may strike any insufficient, redundant or immaterial matter pursuant to Rule 12(f) of the Federal Rules of Civil Procedure and TBMP § 506.01.

A. REGISTRANT'S FIRST AFFIRMATIVE DEFENSE IS NOT AN AFFIRMATIVE DEFENSE AND IS IMPROPERLY PLED.

Registrant's First Affirmative Defense is that "[t]he Petition for Cancellation fails to state a claim upon which relief can be granted." However, asserting the failure to state a claim "is not a true affirmative defense because it relates to an assertion of the insufficiency of the pleading rather than a statement of a defense to a properly pleaded claim" and therefore should not be considered as an

affirmative defense. *Southwest Specialty Food Inc. v. Crazy Uncle Jester's Inferno World, LLC*, 2016 TTAB LEXIS 284 (TTAB, June 24, 2016); see *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1738 n. 7 (TTAB 2001) (The pleaded “affirmative defense” of failure to state a claim upon which relief can be granted, is not a true affirmative defense and shall not be considered as such).

In order to state a proper claim, Petitioner must allege facts in its pleadings which, if proved, establish that (1) it has standing the challenge Registrant’s registration and (2) it has pleaded a valid ground for seeking to cancel the registration. *Lipton Industries, Inc. v. Ralston Purina Co.*, 213 U.S.P.Q. 185 (CCPA 1982); *Bayer Consumer Care AG v. Belmora LLC*, 90 USPQ2d 1587 (TTAB 2009).

In order to establish standing, the Petition must allege facts sufficient to show that Petitioner has a real interest in the proceeding, and a reasonable basis for belief that it would suffer damage if Registrant’s mark is maintained on the register. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); TBMP § 309.03(b). Here, Petitioner has established its standing by making its pleaded registration of record⁴ and by alleging in its Petition for Cancellation that: (1) Petitioner has used the mark SOFTWARE FREEDOM LAW CENTER in connection with “legal services” since 2005; (2) such use predates any date on which Registrant may rely for purposes of priority; (3) Petitioner’s mark has become distinctive to the consuming public and Petitioner’s trade; (4) Petitioner’s mark has acquired a high degree of recognition and serves as a unique identifier of Petitioner’s services; (5) Registrant’s mark is confusingly similar to Petitioner’s mark; (6) the services provided by Petitioner and Registrant are similar; and (7) the services provided by Petitioner and Registrant are offered to the same class of consumers.⁵

⁴ 1 TTABVUE 10-11.

⁵ 1 TTABVUE 4-6.

In addition to standing, Petitioner must also plead at least one statutory ground for the cancellation. TBMP § 309.03(c). Here, Petitioner has sufficiently stated a cause of action by pleading that Registrant's mark is confusingly similar to Petitioner's and the goods and services of the parties are similar.⁶ See *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1735 (TTAB 2001).

Petitioner has clearly alleged facts that establish that it has standing to maintain this cancellation proceeding and that a valid ground exists for cancellation of Registrant's mark. Registrant's First Affirmative Defense of failure to state a claim fails.

**B. REGISTRANT'S AFFIRMATIVE DEFENSES OF LACHES, ACQUIESCENCE, AND
EQUITABLE ESTOPPEL ARE NOT AVAILABLE WHEN CONFUSION BETWEEN
THE MARKS IS INEVITABLE.**

Registrant's assertions of the equitable defenses of laches, acquiescence and estoppel are futile because they are not available as affirmative defenses to a claim of likelihood of confusion where there is inevitable confusion between the marks. *Christian Broadcasting Network Inc. v. ABS-CBN International*, 84 USPQ2d 1560, 1572 (TTAB 2007) (equitable defenses such as laches and acquiescence would not preclude a judgment for plaintiff if confusion is inevitable); *Turner v. Hops Grill & Bar Inc.*, 53 USPQ2d 1310, 1313 (TTAB 1999) (laches will not prevent cancellation where it is determined that confusion is inevitable); *Ultra-White Co., Inc. v. Johnson Chemical Industries, Inc.*, 465 F.2d 891, 59 C.C.P.A. 1251, 175 U.S.P.Q. (BNA) 166 (CCPA 1972). Once Registrant wrested control of the Conservancy from SFLC, knowing that there was actual and inevitable confusion between Software Freedom Conservancy and Software Freedom Law Center, Registrant submitted a false and fraudulent application to register "Software Freedom Conservancy." Conservancy applied for a mark to which it had no shadow of right, for the specific purpose of creating actual confusion in order

⁶ 1 TTABVUE 6-7.

to steal SFLC's goodwill. Inevitable confusion was Conservancy's unlawful intention. Invocation of equitable defenses under these circumstances is not only unavailing, but a travesty.

C. REGISTRANT'S AFFIRMATIVE DEFENSES OF LACHES, ACQUIESCENCE, AND EQUITABLE ESTOPPEL ARE INSUFFICIENTLY PLED.

Under TTAB Rule 311.02(b), "[t]he elements of a defense should be stated simply, concisely, and directly" and "should include enough detail to give the plaintiff fair notice of the basis for the defense." Affirmative defenses, including "(l)aches, waiver, estoppel, and unclean hands ... must be plead with the specific elements required to establish the defense" or else be stricken. *Software Publishers. Ass'n v. Scott & Scott, LLP*, 2007 U.S. Dist. LEXIS 59814 (N.D. Tex. 2007). Here, Registrant fails to state a sufficient basis for the affirmative defenses of laches, acquiescence and equitable estoppel.

A legally sufficient defense of laches must include factual allegations of: (1) unreasonable delay in assertion of one's rights against another; and (2) material prejudice to the latter attributable to the delay. *See Lincoln Logs Ltd. v. Lincoln Pre-Cut Logs Homes Inc.*, 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). Nothing the Conservancy alleges shows that any unreasonable delay. Conservancy was created by SFLC as its affiliate, so Conservancy's pleading that SFLC "routinely interacted with Registrant" at its inception should come as no surprise. Conservancy did not attempt to register the name "Software Freedom Conservancy" as a trademark until after Bradley Kuhn and Karen Sandler staged a takeover of Conservancy's board. Conservancy began offering legal services, a prohibited activity under Conservancy's corporate charter, and initiated its flagrant attempt to steal SFLC's goodwill only after Kuhn and Sandler took over Conservancy and evicted SFLC's representation from its board. SFLC's attempts to discuss its claims with Conservancy were repeatedly rebuffed. SFLC has filed its Petition for Cancellation within the statutory period of limitation for doing so. Without more, the "mere passage of time" is insufficient to create estoppel by laches. *Carl Zeiss*

Stiftung v. VEB Carl Zeiss Jena, 433 F.2d 686, 704, 167 U.S.P.Q. 641 (2d Cir. 1970). Registrant's facially inadequate pleading of laches fails.

Acquiescence requires proof of three elements: (1) that plaintiff actively represented that it would not assert a right or a claim; (2) that the delay between the active representation and assertion of the right or claim was not excusable; and (3) that the delay caused defendant undue prejudice. *Coach House Restaurant Inc. v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551, 19 USPQ2d 1401, 1409 (11th Cir. 1991) (acquiescence requires active consent). *See also Hitachi Metals International, Ltd. v. Yamakyu Chain Kabushiki Kaisha*, 209 USPQ 1057 (TTAB 1981). The Conservancy does not and cannot assert that SLFC ever actively represented to Conservancy that it would not assert its trademark rights or claims of likelihood of confusion. On the contrary, the Conservancy has repeatedly publicly asserted that SFLC never discussed the trademark issue. These statements, along with the undisputed, repeated refusal of the Conservancy's officers and board to meet with SFLC to discuss its claims, establishes the absence of the required active representation. This defense fails.

The elements of equitable estoppel are: (1) misleading conduct which leads another to reasonably infer that rights will not be asserted against it; (2) reliance upon this conduct; and (3) due to this reliance, material prejudice if the delayed assertion of such rights is permitted. *See Lincoln Logs*, 23 USPQ2d at 1703 (citing *A.C. Aukerman Co. v. R. L. Chaides Constr. Co.*, 960 F.2d 1020, 22 USPQ2d 1321 (Fed. Cir. 1992)). In its amended pleading of the affirmative defense of equitable estoppel, Conservancy has not alleged any misleading conduct by SFLC. As the Conservancy was on repeated notice of possible recourse to litigation from December 2014, it cannot possibly allege that it reasonably inferred SFLC's intent to forbear asserting its rights. In the light of the parties' actual history and relationship, this assertion would be frivolous. This defense fails.

Registrant has failed to plead the affirmative defenses of laches, acquiescence and equitable estoppel with sufficient factual allegations to support them, and has stretched the boundaries of

common sense and credulity by bringing them. The proposed amendments should be denied as futile and the defenses stricken from Registrant's Answer.

D. REGISTRANT'S AFFIRMATIVE DEFENSES OF UNCLEAN HANDS PLEAD FACTS THAT ARE UNRELATED TO PETITIONER'S CLAIM.

The equitable defense of unclean hands applies when a plaintiff "dirtied his hands in acquiring the right presently asserted" *Pom Wonderful v. Welch Foods, Inc.*, 2010 WL 3368430, No. 09-567 (C.D. Calif. Aug. 25, 2010); *See Tony Lama Company, Inc. v. Anthony Di Stefano*, 206 USPQ 176, 179 (TTAB 1980) ("It might be emphasized, however, that the concept of unclean hands must be related to a plaintiff's claim, and misconduct unrelated to the claim in which it is asserted as a defense does not constitute unclean hands."). Absolutely nothing Registrant alleges in the Fifth and Sixth affirmative defenses of its Amended Answer has anything to do with Petitioner's claims.

In its Fifth affirmative defense, Conservancy alleges that the Executive Director of SFLC stated on one occasion that "he had no complaints against Registrant, only its employees" and on another, after the inception of this litigation, "that he expects the Registrant to be able to continue to use the mark." These statements have nothing whatever to do with SFLC's trademark registration which forms the basis of its present claim. They are completely immaterial to any basis for an affirmative defense of unclean hands. Nor are they in any respect evidence of some misconduct. (In point of fact, the first statement is taken out of context from email correspondence concerning other claims—for plagiarism and intentional copyright infringement—that are not part of the present proceeding and have nothing to do with the rights SFLC asserts here. The second concerned possible terms of settlement for this dispute by way of license to the Conservancy conditioned on permanent injunction by consent to cease unlawful and harmful activities; to claim that public comment on possible terms of settlement constitutes misconduct is absurd.) The allegation that "the Petition to Cancel was not filed because of any trademark concern, but as a misuse of legal process to harass individuals for unrelated perceived

wrongs” is unsupported by the slightest evidence. Such irresponsible, rambling accusations of bad faith are unavailing: it is basic that the bringing of an action cannot be the basis of an unclean hands defense to that action. *Liz Claiborne, Inc. v. Mademoiselle Knitwear, Inc.*, 13 F.Supp.2d 430, 445 (S.D.N.Y.1998) ("the act of bringing suit is not, itself, the matter concerning which a plaintiff seeks relief") (quoting *Sears Roebuck & Co. v. Sears plc*, 744 F.Supp. 1297, 1310 (D.Del.1990)); J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 31:51 (2010) and cases cited ("[T]he allegedly unfair filing of a trade mark infringement lawsuit cannot itself constitute a basis for an unclean hands defense to that lawsuit.").

One last time, Registrant premises its Sixth affirmative defense upon obvious immateriality. Whether in addition to owning its subsidiary, the Conservancy, SFLC was also its lawyer has no bearing on SFLC's trademark rights, on the existence of actual and inevitable confusion, or any other of the matters SFLC asserts here. We should point out again that Karen Sandler, now Conservancy's executive director, was the employed attorney at SFLC who executed the Conservancy's Articles of Incorporation.⁷ Sandler was also the attorney who filed SFLC's application for the trademark that is the basis for this cancellation action, signing and attesting to the verified statement made there.⁸ After leaving SFLC, Sandler joined Conservancy's Board and was the Secretary when Conservancy's fraudulent trademark registration was filed.⁹ Conservancy has admitted, in its Answer, that its general counsel attested to declarations on that registration application which were false.¹⁰ After that damning admission, it offers only the ridiculous assertion that Sebro's false statements were personal to him, not those of the party whose lawyer he was and on whose behalf he filed. There are, undisputedly, unclean hands in this proceeding, and they are the hands of the Conservancy.

Registrant's "unclean hands" defenses fail.

⁷ 6 TTABVUE at 95. Registrant's motion for summary judgment Ex. 10, certificate of incorporation, page 3.

⁸ See 1 TTABVUE at paragraphs 9 and 25 and Registrant's corresponding admissions in its Answer, 5 TTABVUE 2.

⁹ See 1 TTABVUE at paragraph 30 and Registrant's corresponding admission in its Answer, 5 TTABVUE 2.

¹⁰ See 1 TTABVUE at paragraph 32 and Registrant's corresponding admission in its Answer, 5 TTABVUE 3.

CONCLUSION

For the reasons outlined above, Registrant's proposed amendments would be futile and Petitioner requests that the Board deny Registrant's motion to Amend the Answer and strike Registrants affirmative defenses from its Answer.

Dated: May17, 2018

New York, New York

Respectfully submitted,

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Certificate of Service

I hereby certify that a true and complete copy of the foregoing Opposition to Motion for Leave to Amend the Answer and Motion to Strike Affirmative Defenses has been served on Software Freedom Conservancy by forwarding said copy on May 17, 2018, via email to:

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By: _____/S/_____
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